

- c. right of company to change premium;
- d. liability of company for pre-existing conditions;
- e. waiting periods for which no benefits are payable;
- f. reduction (if any) of benefits;
- g. exclusions.

2. The policy summary shall be prominently displayed and readily distinguishable from all other portions of the advertisement. The policy summary shall explain the essential features of the policy in simple, concise and readily understandable language, as in the following example:

POLICY SUMMARY	
(or other descriptive title)	
A.	This policy provides \$16.27 daily hospital benefits.
B.	This policy is guaranteed renewable to age 65.
C.	The insurance company can change the premium.
D.	Pre-existing conditions are not covered for the first two years.
E.	Benefits are payable from the first day of accidents and the eighth day of sickness.
F.	Benefits are reduced at age 65.
G.	This policy does not cover mental illness, alcoholism or drug addiction.
H.	(other significant policy provisions)

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973.

§1331. Statements about an Insurer

A. An advertisement shall not contain statements which are untrue in fact, or by implication misleading, with respect to the assets, corporate structure, financial standing, age or relative position of the insurer in the insurance business. An advertisement shall not contain a recommendation by any commercial rating system unless it clearly indicates the purpose of the recommendation and the limitations of the scope and extent of the recommendation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973.

§1333. Enforcement Procedures

A. Advertising File. Each insurer shall maintain at its home or principal office a complete file containing every printed, published or prepared advertisement of its individual policies and typical printed, published or prepared advertisements of its blanket, franchise and group policies hereafter disseminated in this or any other state whether or not licensed in such other state, with a notation attached to each such advertisement which shall indicate the manner and extent of distribution and the form number of any policy advertised. Such file shall be subject to regular and periodical inspection by this department. All such

advertisements shall be maintained in said file for a period of either four years or until the filing of the next regular report on examination of the insurer, whichever is the longer period of time.

B. Certificate of Compliance. Each insurer required to file an Annual Statement which is now or which hereafter becomes subject to the provisions of these rules must file with this department with its Annual Statement a Certificate of compliance executed by an authorized officer of the insurer wherein it is stated that, to the best of his knowledge, information and belief, the advertisements which were disseminated by the insurer during the preceding statement year complied or were made to comply in all respects with the provisions of these rules and the Insurance Laws of this State, as implemented and interpreted by these rules.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973.

§1335. Severability Provision

A. If any Section or portion of a Section of these rules, or the applicability thereof to any person or circumstance is held invalid by a court, the remainder of the rules, or the applicability of such provision to other persons or circumstances, shall not be affected thereby.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973.

§1337. Effective Date

A. This rule shall become effective November 1, 1973.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973.

Chapter 15. Rule Number 5 Unfair Trade Practices

§1501. Purpose

A. The purpose of this rule is to accomplish a uniform application of Louisiana R.S. 22:1214.A(4), (8), and (9). It is intended to clarify those provisions of the Unfair Trade Practices Part of the *Louisiana Insurance Code*. (Title 22, Louisiana Revised Statute of 1950 as amended).

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 6:283 (June 1980).

§1503. Applicability

A. These provisions shall be applicable to any persons directly or indirectly involved in the solicitation, negotiation and service of insurance contracts.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 6:283 (June 1980).

§1505. Definitions

A. When used in this rule, the following words or terms have the meaning described in §1505.

Confidential Information information obtained by means of a confidential or fiduciary relationship and the existence of such relationship precludes the party in whom trust and confidence is placed from participating in profit or advantages resulting from the dealing as the parties to the relation. Specifically, information given a mortgagee pertaining to expiration date of insurance contracts and rating and coverages information is *confidential information*.

Person any individual, company, insurer, association, organization, reciprocal or interinsurance exchange, partnership, business, trust or corporation.

Unfair Competition the improper use of confidential information for competitive advantages.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 6:283 (June 1980).

§1507. Rule

A. It shall be an unfair trade practice for any person to engage in unfair competition by directly or indirectly using confidential information in the solicitation, negotiation, and service of insurance contracts, unless the disclosure of such information is authorized by the insured.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 6:283 (June 1980).

Chapter 17. Rule Number 6 Vehicle Mechanical Breakdown Insurer

§1701. Purpose

A. The purpose of this rule is to adopt provisions and uniform guidelines for their interpretation as authorized specifically by Act 520 of the 1978 Regular Session of the Louisiana Legislature. It is designed to facilitate and implement the provisions of that Act. It is intended to supplement and not alter in any manner certain provisions of the Act. A further purpose is to establish reasonable guidelines pertaining to reserves and the adequacy of those reserves, to maintain solvency as respects vehicle mechanical breakdown insurers doing business in this state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

§1703. Applicability

A. Those provisions shall be applicable to any and all entities which may be defined as a *vehicle mechanical breakdown insuror*, under the provisions of Act 520 of the 1978 Regular Session of the Louisiana Legislature. The term shall include any person or other entity which receives any fee or compensation for administration of a mechanical breakdown program.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

§1705. Definitions

A. When used in this Rule, the following words or term have the meaning described in §1705.

Commissioner the Commissioner of Insurance for the state of Louisiana.

Insurer any property or casualty insurer duly authorized to transact vehicle physical damage insurance in this state under provisions of the *Louisiana Insurance Code* other than Sections 1800 through 1810.

Vehicle Mechanical Breakdown Insurance Policy any contract, agreement, or other instrument whereby a person other than the owner, seller, or lessor of a vehicle assumes the risk of and/or the expense portion thereof for the mechanical breakdown or mechanical failure of a motor vehicle and shall include those agreements commonly known as vehicle service agreements or extended warranty agreements.

Vehicle Mechanical Breakdown Insurer any person or organization, whether domestic, foreign or alien that issues or attempts to issue vehicle mechanical breakdown policies as defined herein.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

§1707. Qualifications

A. Evidence must be submitted to the Commissioner of Insurance that the applicant is a solvent corporation, incorporated under the laws of Louisiana, or another state, district, territory or possession of the United States of America. That evidence must be submitted as required by Form VMB-1 furnished by the Commissioner of Insurance and must be to his satisfaction.

B. The applicant shall furnish such proof as necessary to the Commissioner that the directors and management of the company are competent and trustworthy and are capable of successfully managing its affairs in compliance with law. That information shall be submitted on form VMB-2 which is furnished by the Commissioner.

C. The applicant shall make the deposit required by Louisiana R.S. 22:1804. Should the applicant furnish a surety bond, it shall be in the style of Form VMB-4 which is furnished by the Commissioner. Such bond must be written by a company that is lawfully authorized to transact surety insurance in this state.

D. The applicant must complete and file form VMB-5, "Consent to Service and Appointment of Registered, Resident Agent" with the Commissioner. The Commissioner shall provide the applicable forms.